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November 7, 2002

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S.C. PUBLIC SERVICE COMMISSION
UTILITIES DEPARTMENT

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The Honorable Gary E. Walsh
Executive Director
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Application of Chem-Nuclear Systems, LLC
(SCPSC Docket No. 2000-366-A) (Fiscal Year 2002-2003)

Dear Mr. Walsh:

Please find enclosed for filing the original and ten (10) copies of the substitute Application of Chem-Nuclear Systems, LLC, a Division of Duratek, Inc., in the above-referenced matter, originally filed on September 27, 2002. In our review of the Application, we had discovered that some of the numerical figures in the text of the Application and in some of the Exhibits did not correspond to the figures in Exhibit A to the Application. The figures in Exhibit A to the original Application were correct, and the Exhibit A attached to the enclosed substitute Application is identical to the one filed with the original Application on September 27, 2002.

Please substitute the enclosed Application for the original one. I apologize for any inconvenience which this substitution might cause you. By copy of this letter, I am providing a copy of the substitute Application to those parties who received a copy of the original Application.

If you have any questions with respect to this matter, please do not hesitate to contact me.

Very truly yours,

Bob Bock

Robert T. Bockman

Enclosures

cc: The Honorable Frank Fusco (w/enclosures)
The Honorable Charlie Condon (w/enclosures)
The Honorable Philip S. Porter (w/enclosures)
The Honorable C. Earl Hunter (w/enclosures)
The Honorable Max Batavia (w/enclosures)

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

Docket No. 2000-366-A

IN RE:	Application of Chem-Nuclear Systems, LLC, a Division of Duratek, Inc., for Adjustment in the Levels of Allowable Costs and for Identification of Allowable Costs	)	**APPLICATION** (for Fiscal Year 2002-2003)

Pursuant to the provisions of S.C. Code Ann. § 48-46-40(B)(4) (Supp. 2001), Chem-Nuclear Systems, LLC, a Division of Duratek, Inc., ("Chem-Nuclear" or "the Company") submits this Application for adjustment in the levels of certain allowable costs and for the identification of certain allowable costs for the operation of its regional low-level radioactive waste disposal facility, located in the vicinity of Barnwell, South Carolina. In support of the relief which it requests by its Application in this proceeding, Chem-Nuclear would respectfully show unto this honorable Commission:

1. On June 6, 2000, the Governor of the State of South Carolina signed the Atlantic Interstate Low-Level Radioactive Waste Compact Implementation Act ("the Act"). The Act is codified as S.C. Code Ann. §§ 48-46-10, *et seq.* (1976), as amended.

2. Section 48-46-40(B)(1) of the Act authorizes and directs the Commission "to identify allowable costs for operating a regional low-level radioactive waste disposal facility in South Carolina." Section 48-46-30(1) defines "allowable costs" as "costs to a disposal site operator of operating a regional disposal facility." Under that definition, such costs "are limited to costs determined by standard accounting practices and regulatory findings to be associated with facility operations."

3. Section 48-46-40(B)(3) provides that "allowable costs" expressly include the costs of certain specifically identified activities necessary in the operation of a low-level radioactive waste disposal facility. That Section also provides that "allowable costs" include "any other costs directly associated with disposal operations determined by the [Commission] to be allowable."

4. Chem-Nuclear operates a regional low-level radioactive waste disposal facility ("the Facility") in Barnwell County, South Carolina. Consequently, the Commission has the authority to identify the "allowable costs" for the Company's operation of the Facility.

5. The Facility is located on a tract of land consisting of approximately 235 acres which the State of South Carolina owns and which the Company leases from the South Carolina Budget and Control Board ("the Board"). The 235 acre site includes areas for various operations, including completed disposal trenches, potential trench areas, ancillary facilities, water management areas and buffer zone areas.

6. The Company conducts its operations at the Facility under South Carolina Radioactive Material License 097 ("License 097") by which the South Carolina Department of Health and Environmental Control ("DHEC") has authorized receipt, storage and disposal of low-level radioactive waste at the Facility. License 097 contains numerous technical conditions and specifications for management of waste at the Facility. The Company submitted an application to DHEC on April 28, 2000, for renewal of License 097. DHEC is currently reviewing that application. In addition to the requirements of License 097, the Facility is subject to DHEC's regulations in 24A S.C. Code Regs. R. 61-63 (Title A) (Supp. 2001). DHEC's regulations are similar to the provisions of "Licensing Requirements for Land Disposal of Radioactive Wastes," which the United States Nuclear Regulatory Commission ("NRC") originally promulgated in 10 CFR Part 61, and which DHEC has adopted for the most part and which DHEC enforces through its own regulations under an agreement with the NRC.

7. On June 3, 2002, the Commission issued its Order No. 2002-395 in SCPSC Docket No. 2000-366-A. By that Order the Commission identified certain categories of allowable costs and identified levels of allowable costs in those categories. Order No. 2002-395 approved certain rates for variable allowable costs and identified the sum of $6,736,417 for fixed allowable costs.

8. S.C. Code Ann. § 48-46-40(B)(4) (Supp. 2001) provides that an operator of a low level radioactive waste disposal site may apply for an adjustment in the levels of allowable costs which the Commission has identified for the previous fiscal year and for identification of costs which the Commission has not previously identified as allowable costs. Upon approval of such application, Section 48-46-40(B)(4) requires the Commission to authorize the site operator to adjust its allowable costs for the current fiscal year to compensate the site operator for revenues lost during the previous fiscal year.

9. During the Company's recently concluded 2001-2002 fiscal year (*i.e.*, the twelve months ending June 30, 2002), the Company's actual allowable costs in those categories which the Commission identified in Order No. 2002-395 for fixed costs were $7,014,625. By this Application, the Company requests the Commission to approve adjustments in the levels of certain of its previously identified allowable costs for the current 2002-2003 fiscal year (*i.e.*, the twelve months ending June 30, 2003) to permit the Company to be compensated for the difference between the levels of those allowable costs identified in Order No. 2002-395 and the actual costs which the Company incurred in those categories, as authorized by Section 48-46-40(B)(4).

10. The Company has attached to this Application four exhibits pertaining to the adjustment and identification of its allowable costs for its disposal operations. Exhibit A lists the categories of the Company's allowable costs and other payments (Col. 1), the corresponding account numbers under the Company's chart of accounts (Col. 2), the actual levels of the

Company's allowable costs for fiscal year 2001-02 (Col. 3), the differences between the levels of allowable costs identified in Order No. 2002-395 and the Company's actual costs (Col. 4), the allowable costs identified in Order No. 2002-395 (Col. 5), the proposed adjustments to allowable costs (Col. 6), and the total proposed allowable costs for fiscal year 2002-03 (Col. 7). Exhibit B provides a narrative description of the figures in Column 4 of Exhibit A.

11. Exhibit C to the Application provides a narrative description of the costs for which the Company seeks identification as allowable costs for fiscal year 2002-2003. Those costs include the costs associated with the Company's conversion to the Costpoint Accounting System. In Order No. 2001-499, dated June 1, 2001 the Commission required the Company to secure the Commission's approval for the conversion to a different accounting system. By this Application, the Company seeks the Commission's approval of the proposed conversion to the Costpoint Accounting System.

12. Exhibit D to the Application also includes a summary description of the Company's proposed Retention Compensation Plan for the Company's key managers and for the Company's other employees. By this Application, the Company requests the approval of those Plans. The Plans are more fully described in Exhibit D.

13. For fiscal year 2002-2003, the Company is requesting identification as allowable costs those costs specified in Column 7 of Exhibit A which include $6,933,795 of allowable fixed costs, $1,300,844 of "other allowable costs" and allowable variable costs determined by application of the approved variable rates to the volumes received in each class of waste. Those costs are consistent with the description of allowable costs in Section 48-46-40(B)(3), and they have been determined by standard accounting practices. Exhibit A also identifies "other payments" in an amount of $816,000 which the Company is required to make on a quarterly basis to support activities of the Board, the Commission and the Atlantic Compact Commission under Section 48-46-60(B) and (C).

WHEREFORE, Chem-Nuclear Systems, LLC, a Division of Duratek, Inc., respectfully prays unto this honorable Commission:

1. To review the Company's Application and issue its Order adjusting the levels of allowable costs and identifying as "allowable costs" under S.C. Code Ann. § 48-46-40(B)(4) (Supp. 2001), those costs depicted in Exhibit A, Column 7;

2. To approve the Company's proposed conversion to the Costpoint Accounting System and the Company's proposed Employee Retention Plans; and

3. For such other and further relief as is just and proper.

Respectfully submitted,

Robert T. Bockman
Sara S. Rogers
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Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

By: Robert T. Bockman

Robert T. Bockman

September 27, 2002

Columbia, South Carolina

EXHIBIT A: ALLOWABLE COST SUMMARY DATA

Exhibit A is a display of Chem-Nuclear Systems (CNS) actual Allowable Costs for Fiscal Year (FY) 2001/2002 and proposed costs for FY 2002/2003.

Column 1 provides a description of the items included in the Chart of Accounts numbers.

Column 2 is the Chart of Accounts numbers.

Column 3 presents the Actual per book allowable cost (FY 2001/2002).

Column 4 summarizes CNS costs over or under the amounts identified in SC Public Service Commission Order Number 2002-395 (Commission Order 2002-395). The detail for each amount by line item is included in Exhibit B.

Column 5 presents the allowable cost amounts identified in Commission Order 2002-395.

Column 6 lists adjustments to specific Chart of Accounts cost categories for which the Company requests Commission approval.

Column 7 presents CNS' proposed allowable costs for FY 2002/2003. Exhibit B provides detail for each amount by line item.

Chem-Nuclear S
Barnwell Dispos
Regan Voit
James Latham

	Adjustment to Level of FY 01/02 Allowable Cost 6	FY 02/03 Proposed Allowable Cost 7	
Cubic Feet		59,000	
ALLOWABLE C			
EXEMPT LABOR		559,796	
NON EXEMPT L		835,552	
TEMPORARY L		9,152	
OVERTIME		41,398	
EQUIPMENT		231,030	
MATERIALS		38,006	
AFFILIATED		82,945	
CONTRACT SEF	10,585	163,673	
MAINTENANCE	43,113	19,329	
LAUNDRY SERV		3,138	
TRAVEL		4,550	
OTHER DIRECT		50,773	
FEDERAL EXPR		5,140	
CALCULATED FI	2,488	476,332	
R&M EQUIPMEN		85,000	
CAPITALIZED C		(29,538)	
PROJECT COST		46,214	
INSURANCE PR		687,248	
SITE LABOR ALL	9,653	(11,448)	
DIRECT COST	65,839	3,298,290	
EXEMPT LABOR	99,991	725,000	
NON EXEMPT L	16,011	215,000	
LABOR ALLOCA		(130,647)	
CALCULATED FI		(604,684)	
OVERTIME	600	1,630	
ALLOWABLE FR	115,337	1,054,859	
TRAVEL	2,696	54,000	
EMPLOYEE COS	21,828	94,284	
OFFICE SUPPLI		93,101	
BUILDING & UTI	4,949	139,193	
SERVICES	289,569	253,131	
EQUIPMENT		85,324	
DEPRECIATION		379,079	
MANAGEMENT F		651,235	
INTANGIBLE AS		625,000	Note 2
INDIRECT COST	550,981	3,635,505	
TOTAL ALLOWA	616,820	6,933,795	
Allowable Varial			
DISP EXP VAUL	313,390	1,696,520	Note 1
OTHER ALLOW/			
Taxes, Licensing			
Licenses		382,963	
Disposal Taxes		413,000	
(Decommissio			
Other Ops costs		440,000	
Disposal Site Lea		50	
Real Estate/Pers		64,831	
TOTAL OTHER A		1,300,844	
OTHER PAYMEN			
Administrative Cc			
Atlantic Compact		236,000	
PSC; Budget and Cc		580,000	
TOTAL OTHER F		816,000	

EXHIBIT B: EXPLANATION OF DIFFERENCE BETWEEN ACTUAL COSTS FOR FY 2001/2002 AND COMMISSION ORDER 2002-395 AMOUNTS FOR EXPENSE ACCOUNTS

The following paragraphs provide an overall discussion of allowable costs incurred in fiscal year (FY) 2001/2002 followed by a discussion of individual cost category adjustments.

Overall allowable costs: The total actual allowable direct fixed costs are $138,881 less than the total direct fixed cost amount identified in Commission Order 2002-395 (Commission's Order). The total actual allowable indirect fixed costs are $417,089 more than the total indirect fixed cost amount identified in the Commission's Order. The actual allowable variable costs are $313,390 more than the amount calculated using the rates identified in the Commission's Order multiplied by the actual volume of waste received in each of the respective waste classification or slit trench categories.

Labor-related costs (Chart of Accounts 5111, 5112, 5312, 5119, 6111, 6112 and 6119): There are a number of categories of cost related to labor including chart of account categories for direct and indirect exempt and non-exempt labor, overtime and temporary labor. Considering all these categories together, the overall actual labor costs for FY 2001/2002 are $28,832 more than the total labor-related costs estimated in the Commission's Order. This amount does not include fringe costs. Approximately $22,612 of this amount is related to annual merit pay increases which became effective in April 2002 and were not considered in the Commission estimate. The remaining $6,220 is due to additional management resources needed to support requirements of economic regulation of the disposal facility. Also, an increased level of management participation in marketing efforts has been required in the face of increased competition for disposal waste volumes and reduced waste generation rates from the nuclear power plant industry. The Barnwell disposal site has only received on an average about three-fourths of the allowed waste volumes each of the last two fiscal years of operation and an increased sales effort is critical to raising that percentage to 100%.

INDIVIDUAL COST CATEGORY ADJUSTMENTS FOR FY 2001/2002

EXEMPT LABOR (5111): Actual costs are $11,848 below the amount estimated in the Commission's order. The reason for this reduction is mainly because during FY 2001/2002 labor cost was charged to an indirect project number for costs incurred for participation in the Commission's proceedings. In the previous fiscal year, FY 2000/2001, these costs were charged to a direct labor project number and the Commission estimate for direct labor did not take that change into account. The favorable variance in labor costs created by changing some labor costs from direct to indirect accounts was offset somewhat by costs associated with pay raises in April 2002 and the filling of open positions during the year.

NON-EXEMPT LABOR (5112): Actual costs are $11,120 below the amount estimated in the Commission's Order. The reason for this reduction is mainly because during FY 2001/2002 labor cost was charged to an indirect project number for costs incurred for participation in the Commission's proceedings. In the previous fiscal year, FY 2000/2001, these costs were charged to a direct labor project number and the Commission estimate for direct labor did not take that change into account. The favorable variance in labor costs created by changing some labor costs from direct to indirect accounts was offset somewhat by costs associated with pay raises in April 2002 and the filling of open positions during the year.

TEMPORARY LABOR (5312): Actual costs associated with the temporary labor account are $48,448 less than the Commission's Order.

OVERTIME (5119): Actual costs for overtime in FY 2001/2002 are $16,354 below the amount identified in the Commission's order mainly due to fewer slit trench offloads received and the more even month-to-month distribution of waste receipts through the year.

EQUIPMENT (5132,34,35): The amount is $38,250 less than the Commission's Order. Equipment rental, diesel, and propane costs are in this account.

MATERIALS (5142, 43,45): The amount is $31,450 less than the Commission's Order due to a different mix of materials and fewer large components received compared to the previous fiscal year.

AFFILIATED (5151): The amount is $10,585 more than the amount identified in the Commission Order as a result of a higher rate of pay for the new Safety and Loss Control Manager. The new Safety and Loss Control Manager was recruited and hired after his predecessor passed away in June 2001. This category of costs represents the costs for safety supplies and safety management/supervision allocated to disposal operations from labor allocation (Account 6117) and supplies allocated to projects (Account 7310).

CONTRACT SERVICES (5152): The amount is $43,113 more than the amount identified in the Commission Order. One factor is $19,020 for specialized drilling support associated with a monitoring requirement to confirm boundaries of near-surface groundwater flow under the disposal site. This work was required by SCDHEC to ensure continued regulatory compliance. The direction from SCDHEC was in response to independent review of site performance and was documented in letters from the agency. Another factor is $8,975.35 for a wetlands construction permit and three consulting firms' design work associated with a surface water control and drainage feature to be constructed in FY 2002/2003. This work is approved by DHEC to control surface water run-off from the site. $6,250 was incurred for consultant support to develop certain responses and independently review site environmental radiological performance verification follow-on actions related to operations. These follow-on actions were required by SCDHEC as part of the license renewal process and to incorporate Peer Review recommendations for completion of environmental radiological performance verification of the disposal site. The remaining amount of $8,868 is part of the costs for specialized AS-400 programming support associated with waste disposal database management, queries and verifications.

MAINTENANCE (5156): Actual costs for repairs are $9,327 less than the amount identified in the Commission's order.

LAUNDRY SERVICES (5157): Actual costs for laundry services to clean radioactively contaminated protective clothing are $3,582 less than the amount identified in the Commission's Order.

TRAVEL (5171,72,74): Costs for employee direct travel cost are $4,990 less than the Commission's Order.

OTHER DIRECT COSTS (5175): The actual amount is $8,843 less than the Commission's order.

FEDERAL EXPRESS & POSTAGE (5191): The amount is $2,488 more than the Commission's Order because of additional postage and federal express charges caused by a combination of different rates and higher levels of activity from those experienced in the previous fiscal year which was the basis for the Commission's estimate.

CALCULATED FRINGE (5249): This account is related to the labor and fringe for personnel charging to direct project numbers for the Barnwell Disposal Operations. In this account there are also charges for fringe related to personnel from other parent company divisions who work on disposal projects from time to time. The amount is $16,674 less than the Commission Order because of the lower amount of direct exempt labor and direct non-exempt labor explained in earlier paragraphs.

R&M EQUIPMENT MAINTENANCE (5303,04): Costs for outside repairs are $18,438 below the amount estimated in the Commission's Order.

CAPITALIZED COO (5310): This account is a credit account for costs associated with trench construction and backfilling that are transferred to the balance sheet and subsequently amortized over the life of the trench. The amount is a $2,746 smaller credit than the amount identified in the Commission's Order.

PROJECT COST (5317): The amount for project costs is $26,434 less than the amount estimated in the Commission's Order.

INSURANCE (5319): The amount is $9,653 more than the Commission Order as a result of insurance premiums for existing policies paid in FY 2001/2002 which were higher than those costs estimated in the Commission's Order based on prior fiscal year experience.

SITE LABOR ALLOCATION (5832): Credits to this account were transferred to the balance sheet for work performed on projects funded from other sources such as the Decommissioning Trust Fund. The amount is a $38,292 smaller credit to expense than the amount identified in the Commission's Order.

EXEMPT LABOR (6111): Actual costs are $99,991 more than the amount identified in the Commission's Order. The reason for this increase is mainly because during FY 2001/2002 labor cost was charged to an indirect project number for costs incurred for participation in the Commission's proceedings. In the previous fiscal year, FY 2000/2001, these costs were charged to a direct labor project number and the Commission estimate for indirect labor did not take that change into account. The unfavorable variance in labor costs created by changing some labor costs from direct to indirect accounts was also increased somewhat by costs associated with pay raises in April 2002.

NON-EXEMPT LABOR (6112): Actual costs are $16,011 more than the amount identified in the Commission's order. The reason for this reduction is mainly because during FY 2001/2002 labor cost was charged to an indirect project number for costs incurred for participation in the Commission's proceedings. In the previous fiscal year, FY 2000/2001, these costs were charged to a direct labor project number and the Commission estimate for indirect labor did not take that change into account. The unfavorable variance in labor costs created by changing some labor costs from direct to indirect accounts was also increased somewhat by costs associated with pay raises in April 2002.

LABOR ALLOCATION (6117): This credit account is associated with labor and fringe for the support business unit and the Health and Safety personnel. Thirty percent of these labor costs are transferred to other divisions of the company. This category is also associated with labor charges from other divisions of the company related to marketing efforts for disposal operations. The amount is a $3,147 larger credit than the amount identified in the Commission's Order.

CALCULATED FRINGE (6149): This account is a credit account associated with fringe for the Barnwell Disposal Operations personnel charging to direct projects and other parent company business units/divisions. All personnel in the Barnwell Disposal Site division are assigned a home business unit and these dollars transfer to the direct calculated fringe (account number 5249) as labor costs are charged to direct project numbers. Similarly, when labor costs are charged out to other parent company business units/divisions, appropriate fringe costs are also charged to that unit/division. The amount is a $65,770 larger credit than the amount identified in the Commission's Order.

OVERTIME (6119): The cost in this account is related to labor for preparation of invoices and special projects requirements for FY 2001/2002. The amount is $600 more than the Commission's estimate.

ALLOWABLE FRINGE (6120): The amount for allowable fringe is $115,337 more than the Public Service Commission's order. Causes of this amount include increased health insurance costs and higher workers compensation costs than were experienced in previous years. The Commission estimate was based on the previous years' experience.

TRAVEL (7100): The amount is $2,696 more than the Commission's estimate because of additional indirect travel associated with training and discussions with corporate management for implementation of the Costpoint accounting system. This amount is offset in total costs by the fact that direct travel costs were $4,990 less than the amount estimated in the Commission's Order.

EMPLOYEE COSTS (7200): The amount is $21,828 more than the amount identified in the Commission's Order to cover employee relocation costs for two employees (Safety and Loss Control Manager and Geologist) who were hired to fill open positions during FY 2001/2002. This amount was not anticipated in the Commission estimate for this cost.

OFFICE SUPPLIES & EXPENSE (7300): The amount is $28,987 less than the amount identified in the Commission's Order.

BUILDING & UTILITIES (7400): This account includes expenses for utilities, telephone service, custodian services, and trash pickup. The amount is $4,949 more than the Commission's estimate for this category. Higher cost in telephone charges during the fiscal year was the main contributor to this higher overall cost.

SERVICES (7500): The amount is $289,569 more than the amount identified in the Commission Order primarily due to costs associated with a third party consultant firm hired to prepare an Operations and Efficiency Plan as directed by Public Service Commission Order Number 2001-499. The Operations and Efficiency Plan was submitted to the Commission in June 2002. Costs for the consultant firm to prepare the Operations and Efficiency Plan were $247,397. Consulting services were also incurred in the amount of $16,696 and $25,643 for third party estimates, research and preparation of information, and verifications of information related to explanation of the value of intangible assets as directed by the Commission during the 2002 proceedings. Costs were also incurred by consultants for depositions required by the SC Budget and Control Board legal team associated with Public Service Commission proceedings.

EQUIPMENT (7600): Cost in this account include expenses for radiation detection instrument repair and maintenance, purchase of microfilm and development cost, and outside repair of small equipment and vehicles. The amount is $200 less than the Commission's estimated amount.

DEPRECIATION (7700): Actual depreciation expenses for FY 2001/2002 are less than the amount identified in the Commission's Order by $24,621.

MANAGEMENT FEES/G&A ALLOCATION (7904): The amount is $11,167 lower than the Commission's estimated amount.

VARIABLE COSTS

VAULT COSTS AND TRENCH AMORTIZATION (5020 and 5324): The amount is $313,390 more than the amount calculated from the rates identified in the Commission's Order. The variable cost rates identified in the Commission's Order were estimated based on prior years' waste receipts. The estimated rates were: Class A: $18.66 per cubic foot; Class B: $22.61 per cubic foot; Class C: $20.28 per cubic foot; and Class C Slit Trench: $124.17 per cubic foot. These rates, multiplied by their respective volumes of waste received in FY 2001/2002 would indicate a total variable cost of $1,172,589.

The actual variable cost rates in FY 2001/2002 were: Class A: $23.67 per cubic foot; Class B: $24.11 per cubic foot; Class C: $22.94 per cubic foot; Slit Trench: $137.60 per cubic foot. Data concerning these variable costs for FY 2001/2002 was previously submitted as directed by Commission Order 2001-499. The actual variable cost rates are derived by determining the actual variable costs by trench and dividing that amount by the total volume of waste disposed in that trench. A variable cost by trench and waste classification is then calculated. The variable costs for each waste classification are totaled and divided by the volume of waste received in that category to determine an actual variable cost rate by waste classification. The actual total variable costs for FY 2001/2002 were $1,451,924 including $34,035 for variable costs incurred in FY 2001/2002 for waste received in FY 2000/2001.

Variations in the variable cost rates arise because of changes in the amount of waste that can be placed in each vault and variations in trench amortization rates. Vault waste loading is affected by the size and shape of waste packages received, and also by the mix of waste received in classification and/or dose rate which is different from what was received in past years. Vault loading is also affected by the rate of waste receipts, the amount of shoring materials used in shipments received, and the ability to combine waste packages from different shipments in the same vault. Trench amortization rates are affected by changes in trench construction costs and the total number of vaults that can be placed in the trench. Trench construction costs vary depending on soil conditions, the type of trench, the length of the trench and the amount of backfill required in the trench.

The following table summarizes average vault waste loading (in cubic feet of waste per vault) by principle vault types and trenches for each of the past two years.

	FY 00/01 Jul – Dec	FY 00/01 Jan – Jun	FY 01/02 Jul - Dec	FY 01/02 Jan – Jun
Trench 86 Cylindrical Vaults	159.29 ft^3/vault	155.07 ft^3/vault	137.81 ft^3/vault	121.00 ft^3/vault
Trench 86 Rectangular Vaults	281.75 ft^3/vault	250.11 ft^3/vault	278.70 ft^3/vault	232.81 ft^3/vault
Trench 92 Cylindrical Vaults	129.47 ft^3/vault			
Trench 93 Cylindrical Vaults	123.2 ft^3/vault	124.79 ft^3/vault	125.78 ft^3/vault	118.45 ft^3/vault
Slit Trench 17&18	57.54 ft^3/vault	57.48 ft^3/vault		
Slit Trench 19&20		57.5 ft^3/vault	57.4 ft^3/vault	57.4 ft^3/vault

"Other Allowable Costs" are costs related to disposal operations which are not included in the computation of the twenty-nine percent operating margin in accordance with S.C. Code Section 48-46-40 (B)(5).

"Other Payments" are payments made in accordance with S.C. Code Section 48-46-40 (D)(1). These costs are not included in the computation of the twenty-nine percent operating margin in accordance with SC Code Section 48-46-40 (B)(5).

EXHIBIT C: PROPOSED ALLOWABLE COSTS FOR FY 2002/2003

GENERAL COMMENTS CONCERNING FY 2002/2003 COSTS AND ACCOUNTING

TRANSITION TO COSTPOINT ACCOUNTING SYSTEM

As part of a parent company-wide conversion, CNS is requesting approval to convert to the Costpoint accounting system to achieve the following improvements and benefits:

1. Overall Cost Savings – Costpoint will be more efficient and easier to use and the consolidated system will eliminate redundancies and added support costs.
2. Independent Fringe Pools – The new system will be designed to accommodate separate fringe pools for each subsidiary of Duratek. A separate fringe pool will be easier to analyze and audit at year-end, which has been an issue in the past.
3. Facilitated Audit – The consolidated Costpoint system will eliminate the extra step of allocating costs from Duratek's corporate systems to CNS. This consolidation will facilitate audits since allocations can be reviewed or approved in advance.
4. More Extensive Support Network – A more extensive support network is in place within Duratek for Costpoint support. This network will enable faster and more efficient response time to specific reporting needs and system support for the users of the system.

All history for CNS transactions will be maintained by Duratek on the JD Edwards accounting system so data will not be lost as a result of this transition. Also, a detailed parallel test plan is being implemented to ensure the new system matches the output from the old system when the same data is input to the new system. This parallel test will ensure the new system is functioning properly. There will also be a mapping of JD Edwards chart of account numbers to Costpoint chart of account numbers to assist Commission staff in their audit process. System allocations may be reviewed in advance in order to facilitate audits and understanding of the system. The consolidated accounting system will cost less for Duratek, thereby reducing the amount of cost ultimately to the State.

In summary, the conversion to Costpoint is both reasonable and prudent. History will be maintained and accessible and the project will enhance the responsiveness to the Commission in identification of allowable costs.

ACTIVITIES TO BE REIMBURSED FROM DECOMMISSIONING TRUST FUND: During FY 2002/2003, Chem-Nuclear Systems intends to request approvals from SC Department of Health and Environmental Controls (SC DHEC) and SC Budget and Control Board (SC B&CB) to install the Phase 6 multi-layer earthen cap over a number of completed disposal trenches. Capping construction will require the use of borrow materials and the most efficient source of those materials would be from an on-site construction project. When the Phase 6 capping project is completed Chem-Nuclear will have to manage additional surface water runoff during periods of heavy rain. Management of this additional surface water runoff will require expansion of the existing on-site retention ponds. Costs for retention pond expansion will also be requested from the Decommissioning Trust Fund. Conducting the Phase 6 capping project and expansion of the on-site retention ponds concurrently is a logical, efficient use of Decommissioning Trust Fund resources.

TREATMENT OF COSTS ASSOCIATED WITH NEW TRENCH CONSTRUCTION: Costs for constructing additional disposal trenches beginning with costs incurred in FY 2002/2003 will be treated as an expense in the year in which those costs are incurred. As waste volumes decline, it becomes increasingly appropriate to treat these costs as current year expenses when the costs can be offset by larger waste disposal revenues. For new trench constructions, this approach will eliminate the need for a trench amortization cost as the trench is filled.

RETENTION COMPENSATION PLAN: CNS proposes to initiate a plan designed to encourage retention of qualified and experienced employees at the disposal site as long as those employees are needed to conduct disposal operations and support. This plan is more fully described in Exhibit D.

CNS believes that each employee has an ability and responsibility to impact the achievement of Company goals. Further, the Company recognizes the unique situation of declining annual disposal volumes imposed on CNS' disposal operations by state law. The CNS Employee Retention Compensation Plan is designed to provide an opportunity for employees to receive additional compensation based on safe, compliant, and cost efficient operation of the disposal site, and a commitment of an employee to continue his or her position with CNS. The plan aligns the employees' interests with those of CNS' shareholders and the disposal-related financial interests of the State of South Carolina.

EXEMPT LABOR (5111): Anticipated costs will be the same as the FY 2001/2002 experience.

NON-EXEMPT LABOR (5112): Anticipated costs will be the same as the FY 2001/2002 experience.

TEMPORARY LABOR (5312): Anticipated costs will be the same as the FY 2001/2002 experience.

OVERTIME (5119): Anticipated costs will be the same as the FY 2001/2002 experience.

EQUIPMENT (5132,34,35): Anticipated costs will be the same as the FY 2001/2002 experience.

MATERIALS (5142, 43,45): Anticipated costs will be the same as the FY 2001/2002 experience.

AFFILIATED (5151): Anticipated costs will be the same as the FY 2001/2002 experience.

CONTRACT SERVICES (5152): Anticipated costs for FY 2002/2003 will be $43,469 more than the amount identified in the Commission's Order based on additional contract work associated with construction of an operations-related surface water control feature in FY 2002/2003. Contractor costs to install culverts under two state roads will be $33,969. Telephone, power line and drain field relocation will cost $9,500. Total costs in this category for FY 2002/2003 will be consistent with actual costs for 2001/2002.

MAINTENANCE (5156): Anticipated costs will be the same as this year's experience.

LAUNDRY SERVICES (5157): Anticipated costs will be the same as this year's experience.

TRAVEL (5171,72,74): Anticipated costs will be the same as this year's experience.

OTHER DIRECT COSTS (5175): Anticipated costs will be the same as this year's experience.

FEDERAL EXPRESS & POSTAGE (5191): Anticipated costs will be the same as this year's experience.

CALCULATED FRINGE (5249): Anticipated costs will be the same as this year's experience.

R&M EQUIPMENT MAINTENANCE (5303,04): Anticipated costs for FY 2002/2003 will increase from costs incurred in FY 2001/2002 by about $7,390 because of increased maintenance costs for aging equipment at the disposal site.

CAPITALIZED COO (5310): Anticipated costs (credit) will be the same as the FY 2001/2002 experience.

PROJECT COST (5317): Anticipated costs will be the same as the FY 2001/2002 experience.

INSURANCE (5319): The cost for premiums on insurance policies are anticipated to continue to increase. Based on information already available, costs for insurance premiums in FY

2002/2003 will increase over FY 2001/2002 costs for insurance premiums by about $225,055. The following table summarizes the increase in insurance premiums:

INSURANCE POLICY TYPE	DATE OF LAST INCREASE	% INCREASE	EFFECT ON COSTS
General Liability	May 2002	38%	$40,601
Property	May 2002	66%	$178, 887
Business Auto	May 2002	(11%)	($2,675)
Nuclear Facility	May 2002	24%	$268,234
Special Pollution Liability	None (10-year policy)	0%	None

SITE LABOR ALLOCATION (5832): Anticipated costs (credit) will be the same as the FY 2001/2002 experience.

EXEMPT LABOR (6111): Costs for 2002/2003 are anticipated to decrease slightly from the FY 2001/2002 costs due to adjustments in staffing.

NON-EXEMPT LABOR (6112): Costs for 2002/2003 are anticipated to decrease slightly from the FY 2001/2002 costs due to adjustments in staffing.

LABOR ALLOCATION (6117): This credit account is associated with labor and fringe for the support business unit and the Health and Safety personnel. Thirty percent of these labor costs are transferred to other divisions of the company. This category is also associated with labor charges from other divisions of the company related to marketing efforts for disposal operations. The credit amount in this account is anticipated to be about the same as the credit amount in FY 2001/2002.

CALCULATED FRINGE (6149): This account is a credit account associated with labor and fringe for the Barnwell Disposal Operations personnel charging to direct projects and other parent company business units/divisions. All personnel in the Barnwell Disposal Site division are assigned a home business unit and these dollars transfer to the direct calculated fringe (Account Number 5249) as labor costs are charged to direct project numbers. The credit amount in this account is anticipated to be about the same in FY 2002/2003 as it was in FY 2001/2002.

OVERTIME (6119): Anticipated costs will be the same as FY 2001/2002 costs.

ALLOWABLE FRINGE (6120): Anticipated costs will be the same as FY 2001/2002 costs. Although it may be reasonable to expect some increase in health insurance costs and workers compensation costs, the magnitude of those increased costs is not fully known.

TRAVEL (7100): Anticipated costs will be about $5,132 less than the indirect travel costs experienced in FY 2001/2002. These anticipated costs will be about $2,436 less than the amounts identified in the Commission's Order.

EMPLOYEE COSTS (7200): Anticipated costs will be the same as the FY 2001/2002 experience.

OFFICE SUPPLIES & EXPENSE (7300): Anticipated costs will be the same as the FY 2001/2002 experience.

BUILDING & UTILITIES (7400): Anticipated costs will be the same as the FY 2001/2002 experience.

SERVICES (7500): Anticipated costs in FY 2002/2003 will be about the same as the Commission's Order and $289,569 less than the actual costs in FY 2001/2001.

EQUIPMENT (7600): Anticipated costs will be the same as the FY 2001/2002 experience.

DEPRECIATION (7700): Anticipated costs will be the same as the FY 2001/2002 experience.

MANAGEMENT FEES/G&A ALLOCATION (7904): Anticipated costs will be the same as the FY 2001/2002 experience.

INTANGIBLE ASSETS (7725): Costs will be the same as FY 2001/2002.

VARIABLE COSTS

VAULT COSTS AND TRENCH AMORTIZATION (5020 and 5324): Anticipated variable costs in FY 2002/2003 will be about $244,596 more than variable costs associated with disposal of waste received in FY 2001/2002 as a result of a vault price increase by the supplier of concrete disposal vaults. The anticipated variable costs will be approximately $210,561 more than the total variable costs incurred in FY 2001/2002 because of the additional $34,035 variable cost amount incurred in FY 2001/2002 for waste received in FY 2000/2001. The total number of vaults anticipated for FY 2002/2003 will be about the same as the number used in FY 2001/2002. There will likely be some reduction in trench amortization costs if the proposed accounting treatment for new trench construction costs is approved. Based on lower volumes of waste allowed by state law and a decreasing number of vaults to be supplied each year, the supplier has lost the "economies of scale" that have kept vault prices stable over recent years. The current vault production location is near the disposal site and allows us to enjoy lower transportation/delivery costs compared to manufacturing the vaults at another location. The current supplier also maintains an inventory of vaults and delivers vaults to the site on an "as needed" basis thereby eliminating costs that would be associated with an on-site inventory or delays waiting for deliveries from a remote location.

The following table illustrates the increase in vault costs leading to the anticipated increase in variable costs.

TYPE OF VAULT	# USED IN FY 2001/2002	UNIT PRICE	EXTENDED PRICE FY 2001/2002	# ANTICI-PATED FOR FY 2002/2003	NEW PRICE (JUNE 2002)	EXTENDED PRICE FY 2002/2003
Cylindrical	332	$2,597	$862,204	332	$3,116	$1,034,645
Rectangular	49 7	$5,830 $6,996	$285,670 $48,972	56	$6,996	$391,776
Slit Trench	11	$4,452	$48,972	12	$5,342	$64,109
Special CRDM Vault	3	$8,480	$25,440	3	$8,480	$25,440
Special Vaults	2	$11,646	$23,292	2	$11,646	$23,292
Total			$1,294,550			$1,539,262

"Other Allowable Costs" are costs related to disposal operations which are not included in the computation of the twenty-nine percent operating margin in accordance with S.C. Code Section 48-46-40 (B)(5). These costs are anticipated to increase slightly for FY 2002/2003 with an increased volume of waste.

"Other Payments" are payments made in accordance with S.C. Code Section 48-46-40 (D)(1). These costs are not included in the computation of the twenty-nine percent operating margin in accordance with SC Code Section 48-46-40 (B)(5). These costs are anticipated to decrease slightly from costs in FY 2001/2002 based on lower advanced payments to the State.

EXHIBIT D: CHEM-NUCLEAR SYSTEMS KEY MANAGER RETENTION COMPENSATION PLAN

Background

Chem-Nuclear Systems operates a commercial low-level radioactive waste (LLRW) disposal site located in Barnwell, SC. In return for the safe and efficient disposal of LLRW, the disposal site earns revenue for the financial benefit of both Chem-Nuclear Systems and the State of South Carolina. This unique public-private partnership is governed by South Carolina law specified in the Atlantic Interstate Low-Level Radioactive Waste Compact Implementation Act.

Objective

Chem-Nuclear believes that certain key managers have an ability and responsibility to significantly impact the achievement of Company goals. Further, the company recognizes the unique situation of declining annual volumes imposed on Chem-Nuclear's disposal operations by state law. The Chem-Nuclear Systems Key Manager Retention Compensation Plan is designed to provide an opportunity for the key managers to receive additional compensation based on safe, compliant, and cost efficient operation of the disposal site and a commitment from those managers to continue their position with Chem-Nuclear. This plan aligns the management team's interests with those of Chem-Nuclear's shareholders and the disposal-related financial interests of the State of South Carolina.

Eligibility

The Chem-Nuclear Systems Key Managers specified in subsequent paragraphs are eligible to participate in the Chem-Nuclear Systems Key Manager Retention Compensation Plan. To qualify for compensation from this plan, the manager must receive an overall performance evaluation of 2 or higher, not be on probation at the end of the plan year or time of award and must be employed by Chem-Nuclear at the time the payment is made. Managers hired during the Plan year will receive a pro-rata compensation based upon their length of service during the Plan year. Should participants be absent for a portion of the Plan year due to Leave of Absence or Long-Term Disability, those periods will be excluded and the compensation pro-rated.

Plan Year

Consistent with the State of South Carolina's Fiscal Year, the Plan Year will be July 1 – June 30, until otherwise modified.

Plan Design

The Chem-Nuclear Systems Key Manager Retention Compensation Plan is designed to retain qualified, experienced individuals and to encourage participants to contribute toward achievement of Chem-Nuclear Systems, and State of South Carolina performance goals and continued safe operation of the disposal site. Safety and Environmental Compliance and cost controls are key factors in the calculation of retention compensation from this program. The compensation will be calculated as a percentage of the participant's base salary at the end of the Plan Year. Attachment A defines the measures that will be used to determine how much the retention compensation will be for each manager participating in the program. The plan will be communicated to each manager participating in the program each year.

Retention Compensation Payment

Retention compensation payouts will be calculated as a percentage of the participant's base annual salary at the end of the Plan Year in accordance with the following table and based on the goals achieved.

POSITION TITLE	% OF BASE ANNUAL SALARY
Vice President, Disposal Operations	20
Vice President ESHQA	10
Senior Manager, Environmental Programs	10
Senior Project Geotechnical Engineer	8
Controller	8

Sixty percent (60%) of the payout will be paid to all eligible participants within 60 days following the close of the Plan Year. The remaining forty percent (40%) will be held by the company for the manager and will be paid to the manager if the manager is terminated as a result of reduction-in-force, disability or death. Retention compensation will be paid through payroll and will be subject to all applicable taxes.

An amount equal to 1/12th of each eligible participant's base salary times the retention compensation payout percentage for that management position will be accrued as an expense each month and placed on the balance sheet. When the actual payout is made to managers each year, the balance sheet will be adjusted by that amount. The amounts to be paid out and retained each year will be calculated in a manner similar to that shown in Attachment A. Methods of accounting for this additional compensation expense are described in Attachment B.

Employment Termination

Participants who resign or are terminated for cause by the company during the Plan Year will not participate in any part of the retention compensation program for that year, and they will not receive any amounts of retention compensation, which might have been reserved for them from previous years employment. If the termination results from reduction-in-force, retirement, disability or death, the accumulated amount of retention compensation held for the participant and a pro-rata portion of the current year earned retention compensation will be paid at the same time it is paid to active employees. This pro-rata calculation will be based on the portion of the year that has elapsed at the date of termination.

Right to Modify Plan

Chem-Nuclear Systems reserves the right to amend or terminate this Plan for any subsequent year as long as prior notification of that action is provided to the South Carolina Public Service Commission and to Chem-Nuclear Systems employees. If the Plan were terminated for subsequent years, participants would be paid the accumulated amount of retention compensation held for them along with 100% of the current year's earned amount.

ATTACHMENT A:
CHEM-NUCLEAR SYSTEMS KEY MANAGER RETENTION COMPENSATION PLAN

EXAMPLE CALCULATION

GOAL (RESULTS OF PREVIOUS 12 MONTHS)	% OF TOTAL	% OF BASE SALARY	EXAMPLE $75,000 BASE SALARY	EXAMPLE 60% PAYOUT	EXAMPLE 40% HELD FOR EMPLOYEE
A. No significant notices of violation (NOV)	25%	2.5%	$1,875.00	$1,125.00	$750.00
B. Number of OSHA recordable accidents: two or less	15%	1.5%	$1,125.00	$675.00	$450.00
C. Number of lost workday accidents: zero	15%	1.5%	$1,125.00	$675.00	$450.00
D. Individual employee performance rating: Rating of 2 equates to 5%; Rating of 3 equates to 10%; Rating of 4 or higher equates to 15%.	15%	1.5%	$1,125.00	$675.00	$450.00
E. Exceed expected volume or net revenue as outlined in LCOP	15%	1.5%	$1,125.00	$675.00	$450.00
F. Completion of B&CB authorized decommissioning activities within budget.[1]	15%	1.5%	$1,125.00	$675.00	$450.00
	100%	10.0%	$7,500.00	$4,500.00	$3,000.00

Note 1: In those years when no decommissioning activity is authorized, the percentage associated with Category F will be combined into Category E.

ATTACHMENT B: CHEM-NUCLEAR SYSTEMS KEY MANAGER RETENTION COMPENSATION PLAN

ACCOUNTING METHODS

An amount equal to $1/12^{th}$ of each eligible participant's base salary times the retention compensation payout percentage for that management position will be accrued as an expense each month and placed on the balance sheet. Sixty days following the close of the Plan Year the compensation amount will be calculated based on the goals achieved, and sixty percent (60%) of that amount paid to each eligible employee as an allowable cost. The balance sheet will be adjusted to reflect the actual amount paid to eligible employees.

Forty percent of the calculated compensation amount will be held on the balance sheet by the company for the employee and will be paid to the employee upon termination by reduction-in-force, disability or death. During each accounting period this 40% amount is held, it is counted as a non-allowable cost. When the 40% amount is paid to the employee, it becomes an allowable cost.

In the event that some amount will be neither paid out nor held based on not meeting goals in a Plan Year or premature departure of the employee, that amount becomes a credit to expense in the appropriate allowable/non-allowable category. The balance sheet will be adjusted accordingly.

Example:

1. Accrual (Allowable and Unallowable until payment)
2. Payout each year
3. Payout by termination
4. Reduction of accrual

Retention Expense

(1) 60% accrual	
(1) 40% accrual	
	(4) Reduction

Acct. 20508-0101 (Liab. BS)

(1) 60%	
(1) 40%	
(2) 60% payout	
(3) 40% payout	
(4) Reduction	

Cash

	(2) 60% payout each Plan Yr
(3) 40% payout at termination	

CHEM-NUCLEAR SYSTEMS EMPLOYEE RETENTION COMPENSATION PLAN

Background

Chem-Nuclear Systems operates a commercial low-level radioactive waste (LLRW) disposal site located in Barnwell, SC. In return for the safe and efficient disposal of LLRW, the disposal site earns revenue for the financial benefit of both Chem-Nuclear Systems and the State of South Carolina. This unique public-private partnership is governed by South Carolina law specified in the Atlantic Interstate Low-Level Radioactive Waste Compact Implementation Act.

Objective

Chem-Nuclear believes that each employee has an ability and responsibility to impact the achievement of Company goals. Further, the company recognizes the unique situation of declining annual volumes imposed on Chem-Nuclear's disposal operations by state law. The Chem-Nuclear Systems Employee Retention Compensation Plan is designed to provide an opportunity for employees to receive additional compensation based on safe, compliant, and cost efficient operation of the disposal site and a commitment of an employee to continue his or her position with Chem-Nuclear. This plan aligns the employees' interests with those of Chem-Nuclear's shareholders and the disposal-related financial interests of the State of South Carolina.

Eligibility

All non-union employees of Chem-Nuclear Systems are eligible to participate in the Chem-Nuclear Systems Employee Retention Compensation Plan. To qualify for compensation from this plan, the employee must receive an overall performance evaluation of 2 or higher, not be on probation at the end of the plan year or time of award and must be employed by Chem-Nuclear at the time the payment is made. Employees hired during the Plan year will receive a pro-rata compensation based upon their length of service during the Plan year. Should participants be absent for a portion of the Plan year due to Leave of Absence or Long-Term Disability, those periods will be excluded and the compensation pro-rated.

Plan Year

Consistent with the State of South Carolina's Fiscal Year, the Plan Year will be July 1 – June 30, until otherwise modified.

Plan Design

The Chem-Nuclear Systems Employee Retention Compensation Plan is designed to retain qualified, experienced individuals and to encourage participants to contribute toward achievement of Chem-Nuclear Systems, and State of South Carolina performance goals and continued safe operation of the disposal site. Safety and Environmental Compliance and cost controls are key factors in the calculation of retention compensation from this program. The compensation will be calculated as a percentage of the participant's base salary at the end of the Plan Year. Attachment A defines the measures that will be used to determine how much the retention compensation will be for each employee participating in the program. Attachment A provides an example of the calculation. The plan will be communicated to each Chem-Nuclear Systems employee by a letter each year.

Retention Compensation Payment

Retention compensation payouts will be calculated as an amount up to 4% of the participant's base annual salary at the end of the Plan Year and based on the goals achieved. Sixty percent (60%) of the payout will be paid to all eligible participants within 60 days following the close of the Plan Year. The remaining forty percent (40%) will be held by the company for the employee and will be paid to the employee if the employee is terminated as a result of reduction-in-force, disability or death. Retention compensation will be paid through payroll and will be subject to all applicable taxes.

An amount equal to 0.33% ($1/12^{th}$ of 4%) of each eligible participant's base salary will be accrued as an expense each month and placed on the balance sheet. When the actual payout is made to employees each year, the balance sheet will be adjusted by that amount. The amounts to be paid out and retained each year will be calculated in a manner similar to that shown in Attachment A. Methods of accounting for this additional compensation expense are described in Attachment B.

Employment Termination

Participants who resign or are terminated for cause by the company during the Plan Year will not participate in any part of the retention compensation program for that year, and they will not receive any amounts of retention compensation, which might have been reserved for them from previous years employment. If the termination results from reduction-in-force, disability or death, the accumulated amount of retention compensation held for the participant and a pro-rata portion of the earned retention compensation will be paid at the same time it is paid to active employees. This pro-rata calculation will be based on the portion of the year that has elapsed at the date of termination.

Right to Modify Plan

Chem-Nuclear Systems reserves the right to amend or terminate this Plan for any subsequent year as long as prior notification of that action is provided to the South Carolina Public Service Commission and to Chem-Nuclear Systems employees. If the Plan were terminated for subsequent years, participants would be paid the accumulated amount of retention compensation held for them along with 100% of the current year's earned amount.

ATTACHMENT A:
CHEM-NUCLEAR SYSTEMS EMPLOYEE RETENTION COMPENSATION PLAN

EXAMPLE CALCULATION

GOAL (RESULTS OF PREVIOUS 12 MONTHS)	% OF TOTAL	% OF BASE SALARY	EXAMPLE $30,000 BASE SALARY	EXAMPLE 60% PAYOUT	EXAMPLE 40% HELD FOR EMPLOYEE
A. No significant notices of violation (NOV)	25%	1.0%	$300.00	$180.00	$120.00
B. Number of OSHA recordable accidents: two or less	15%	0.6%	$180.00	$108.00	$72.00
C. Number of lost workday accidents: zero	15%	0.6%	$180.00	$108.00	$72.00
D. Individual employee performance rating: Rating of 2 equates to 5%; Rating of 3 equates to 10%; Rating of 4 or higher equates to 15%.	15%	0.6%	$180.00	$108.00	$72.00
E. Exceed expected volume or net revenue as outlined in LCOP	15%	0.6%	$180.00	$108.00	$72.00
F. Completion of B&CB authorized decommissioning activities within budget.[1]	15%	0.6%	$180.00	$108.00	$72.00
	100%	4.0%	$1,200.00	$720.00	$480.00

Note 1: In those years when no decommissioning activity is authorized, the percentage associated with Category F will be combined into Category E.

ATTACHMENT B: CHEM-NUCLEAR SYSTEMS EMPLOYEE RETENTION COMPENSATION PLAN

ACCOUNTING METHODS

An amount equal to 0.33% (1/12th of 4%) of each eligible participants base salary will be accrued as an expense each month and placed on the balance sheet. Sixty days following the close of the Plan Year the compensation amount will be calculated based on the goals achieved, and sixty percent (60%) of that amount paid to each eligible employee as an allowable cost. The balance sheet will be adjusted to reflect the actual amounts paid to eligible employees.

Forty percent of the calculated compensation amount will be held on the balance sheet by the company for the employee and will be paid to the employee upon termination by reduction-in-force, disability or death. During each accounting period this 40% amount is held, it is counted as a non-allowable cost. When the 40% amount is paid to the employee, it becomes an allowable cost.

In the event that some amount will be neither paid out nor held based on not meeting goals in a Plan Year or premature departure of the employee, that amount becomes a credit to expense in the appropriate allowable/non-allowable category and the balance sheet will be adjusted accordingly.

Example:

4. Accrual (Allowable and Unallowable until payment)
5. Payout each year
6. Payout by termination
4. Reduction of accrual

Retention Expense	
(1) 60% accrual	
(1) 40% accrual	
	(4) Reduction

Acct. 20508-0101 (Liab. BS)	
(1) 60%	
(1) 40%	
(2) 60% payout	
(3) 40% payout	
(4) Reduction	

Cash	
	(2) 60% payout each Plan Yr
(3) 40% payout at termination	

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 2000-366-A

IN RE:	Application of Chem-Nuclear Systems, LLC, a Division of Duratek, Inc., for Adjustment in the Levels of Allowable Costs and for Identification of Allowable Costs	))))))	**CERTIFICATE OF SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing substituted Application (for Fiscal Year 20020-2003) upon the following statutory parties by causing said copies to be deposited with the United States Mail, first class postage prepaid and addressed as follows:

The Honorable Frank W. Fusco
Executive Director
South Carolina Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

The Honorable Charles M. Condon
Attorney General
State of South Carolina
Post Office Box 11549
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The Honorable Philip S. Porter
Consumer Advocate
State of South Carolina
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ElizaBeth A. Blitch

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November 7, 2002

Columbia, South Carolina